



LIBERTY

Corporate Selection
Umbrella Funds



2015 Trustees' Annual Report

Important reading for all members _____

GONE PHISHING



© Gerd Altmann

Don't hurt yourself by falling for the bait! Find out what phishing is, why it's so dangerous, and how to stay clear of murky waters on **page 12**.

YOUR FUND INVESTMENTS AND THE SOUTH AFRICAN CREDIT RATING



© Thomas Picard

What does our credit status actually mean? It's so easy to repeat what we hear on the news, but that doesn't mean we really understand what's going on. Read the simple facts on **page 9**.

ARE YOUR BENEFICIARIES UP TO DATE?



When last did you check that your nominated beneficiaries are complete and correct? Don't let them be left out in the cold. Submit your updated form to your employer today.



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Reading your Trustees' Annual Report: Important icons



Important Information



Please note



Visit members' web page

Dear Member

It is my pleasure to present you with the Funds' annual report for the financial year ended 31 December 2015.

South Africa, like most of the world, has remained in a slow economic growth phase in 2015. In addition, we scored a couple of own goals, which impacted on investor confidence and created market volatility. Despite the economic uncertainty, we remain confident as a Board of Trustees that we offer our members investment portfolios that are well-diversified and able to offer a measure of protection against the volatility of the markets whilst achieving the returns necessary to support your retirement goals.

Recently, all eyes were focussed on the international credit rating agencies to determine whether or not our investment status deserved to be downgraded. For now, on the credit rating front, the waters have been calmed. South Africa will once again be placed under the magnifying glass in December – read more on page 9.

For the retirement market specifically, it was disappointing that the long-awaited retirement reforms relating to provident fund annuitisation were again deferred at the last moment, resulting in member uncertainty and confusion. The change to the deductibility of contributions that became effective on 1 March 2016 is welcomed, as it not only allows members the possibility of higher contribution deductibility but also has a positive impact on the tax deductibility of members saving for their retirement through provident funds. You can recap all you need to know about retirement reforms on page 8 of this report.

We are very excited about the increasingly client-centric approach followed by Liberty Corporate in the value propositions offered to members. The 'treating customers fairly' principles have been incorporated in every aspect of the business and will continue to be further refined.

We remain concerned about the high debt levels of employed South Africans and the impact that this has on individual savings, and specifically retirement savings. In addition, many of our members face the risk of being plunged further into financial difficulty through losses suffered as a consequence of crime. One type of crime that can be avoided and that we would like to draw your attention to is something called phishing. Cybercrime is alive and well: be sure you are able to spot the bait by reading our article on the dangers of phishing and how to protect yourself on page 12.

Finally, I wish to thank the Board of Trustees, as well as the executive, who spend countless hours steering this ship in the right direction and never falter in their efforts to ensure that the Funds serve all our members' interests. We truly believe that we are helping to make a difference in the lives of our members and their dependants through the benefits offered by the fund, the impact of the investments on our economy and the financial security offered to retirees.

Erika Nieuwoudt
Chairperson

Dear Member

At Liberty Corporate, as always, we continue to ensure that our members feel valued and taken care of. It is our priority to provide you with the guidance, opportunities, and results you need to add value to your life. It is for this reason that we continue to challenge ourselves to provide the best service available in the industry.

When it comes to saving for retirement, we would like to encourage our members to start small rather than not at all. We want to urge members to ensure that they can look forward to a comfortable retirement, by explaining the value of saving in a meaningful manner. By truly understanding and embracing a culture of saving first and foremost, you can protect the most treasured aspect of life – your family.

In closing, I would like to express my gratitude for each and every member of the Board of Trustees, as well as the various Sub-committees: for their on-going commitment, patience, and diligence in terms of the Fund and its members. We continue to cherish the enormous value you add to each and every task.

Until next time.

Sandile Hlophe

Chief Executive Officer: Liberty Group Arrangements

WHO MANAGES THE FUNDS?



MEET YOUR TRUSTEES

The Funds are managed by a Board of Trustees, who appoint a Principal Officer. Together with his support staff, the Principal Officer is responsible for ensuring that the Funds run smoothly on a daily basis.

The Trustees are responsible for all the decisions made on the Funds. Their obligations include ensuring that members' and beneficiaries' interests are prioritised at all times. All board members are suitably qualified individuals. They also have access to retirement industry experts and specialists whenever additional guidance is required. The Trustees meet regularly to discuss investments, benefits and administrative matters.

The Board comprises eight Trustees:



FOUR ARE FULLY INDEPENDENT OF THE FUNDS' SPONSOR, LIBERTY GROUP



FOUR ARE SPONSOR-APPOINTED FROM AMONG SENIOR MANAGEMENT

Who manages the Funds?

The Board Members (Trustees) of the Funds are:



Erika Nieuwoudt – *Chairperson and Independent Trustee*

Appointed September 2013

27 years' experience in the retirement fund industry, Independent Trustee of various retirement funds, and a legal and labour background



Kieran Godden – *Sponsor Trustee*

Appointed March 2011

18 years' experience in the retirement fund industry, and currently Chief Financial Officer for Liberty Corporate
Fellow of the Actuarial Society of South Africa



Maemili Ramataboe – *Independent Trustee*

Appointed April 2012

11 years' experience as a Principal Officer
Independent Trustee of a number of retirement funds



Graham Thomas – *Sponsor Trustee*

Appointed May 2014

24 years' experience in the employee benefits industry, and currently Head of Risk Product Solutions for Liberty Corporate



Jan Van der Merwe – *Sponsor Trustee*

Appointed September 2015

13 year's actuarial experience in the life insurance industry
BSc in Actuarial Science, FASSA



Chris Roelofse – *Sponsor Trustee*

Appointed June 2014

12 years' experience in the financial services industry, having fulfilled roles as investment analyst and consultant as well as strategy design and implementation. Currently Head of Balance Sheet Optimisation within the Liberty Group



John Hayward – *Independent Trustee*

Appointed April 2015

Over 40 years' experience in the financial services industry as an actuary, retirement fund consultant and investment practitioner. Currently serving on a number of boards as an Independent Director and Trustee



Roger Spence – *Principal Executive Officer*

Appointed July 2015

28 years' experience in remuneration and employee benefits as well as extensive experience as Principal Executive Officer
Global Remuneration Professional

RESIGNATIONS AND APPOINTMENTS

Mr Patrick Mayne (Principal Executive Officer) retired on 30 June 2015 and Mr Roger Spence was appointed as Principal Executive Officer effective 1 July 2015.

Mr Malusi Ndlovu (Sponsor Trustee) resigned on 19 August 2015. Mr Jan van der Merwe was appointed effective 28 September 2015.

Mr Mike Garbutt (Independent Trustee and Chairperson) retired on 30 November 2015. Ms Erika Nieuwoudt (Independent Trustee) was elected as new Chairperson effective 01 December 2015.

Mr Martin Kuscus was appointed as Independent Trustee effective 01 February 2016, and Mr Michael Clifford as Sponsor Trustee effective 5 March 2016.

BOARD SUB-COMMITTEES

The Board is further divided into **six sub-committees**. The members of these sub-committees provide advice and guidance to the full Board. They also provide direct input during the quarterly Board meetings.

Investment Sub-committee



- The Board of Trustees appointed an Investment Sub-committee to direct and oversee the investments of the Funds. The Investment Sub-committee makes recommendations to the Board of Trustees regarding the appointment of the Funds' investment consultant and managers, as well as investment strategy.

Administration Sub-committee



- Efficient administration is key to the successful operation of the Funds. This Sub-committee is tasked with reviewing the Administration Agreement with Liberty Corporate annually and reporting back to the Board on all issues relating to the administration of the Funds.

Audit and Risk Sub-committee



- This Sub-committee advises the Board on the Funds' finances as well as the risk policy of the Funds. It is a requirement of the Board that the Funds' auditors, PricewaterhouseCoopers, attend all Audit and Risk Sub-committee meetings.

Communication Sub-committee



- This Sub-committee reviews all communications between the Funds, members and Employers. The Sub-committee works closely with the Fund Sponsor in developing and implementing the Funds' communication strategy.

Legal Sub-committee



- The Legal Sub-committee acts as an advisory body to the Board on legal matters affecting the Fund and regularly reviews the documents and policies of the Funds. This Sub-committee also ensures that all practices adopted by the Fund Sponsor are in line with the Rules of the Funds.

Death Claims Sub-committee



- This Sub-committee considers all death claims, and provides advice to the Board on the distribution of death benefits (based on Section 37(C) of the Pension Funds Act).



Full details of the duties and membership of the sub-committees may be found on the members' website (refer to the **Contact Us** section).

EXPERT ADVISORS AND SERVICE SUPPLIERS

The Board of Trustees receives assistance on Fund matters from the following industry experts and specialists:

Auditor	PricewaterhouseCoopers Inc.
Valuator	Michael de Villiers
Administrator	Liberty Group Limited
Investment Advisor	Liberty Corporate Consultants and Actuaries
Asset Managers	Liberty, STANLIB, and other Asset Managers. The complete list is reflected in the Investments section.
Risk Benefit Underwriter	Liberty Group Limited
Housing Loan Provider	Standard Bank
Death Benefits for minors	Standard Trust Limited (STL)
Unclaimed Benefits	Liberty Corporate Unclaimed Benefit Fund
Professional Indemnity insurance	Alexander Forbes Risk Services

BOARDS' GOVERNANCE

Each year, the Board completes a formal Trustees' appraisal in line with the process outlined in the Financial Services Board's Circular PF130. The performance of individual Trustees is also assessed by the Board, and appropriate action is taken where necessary.

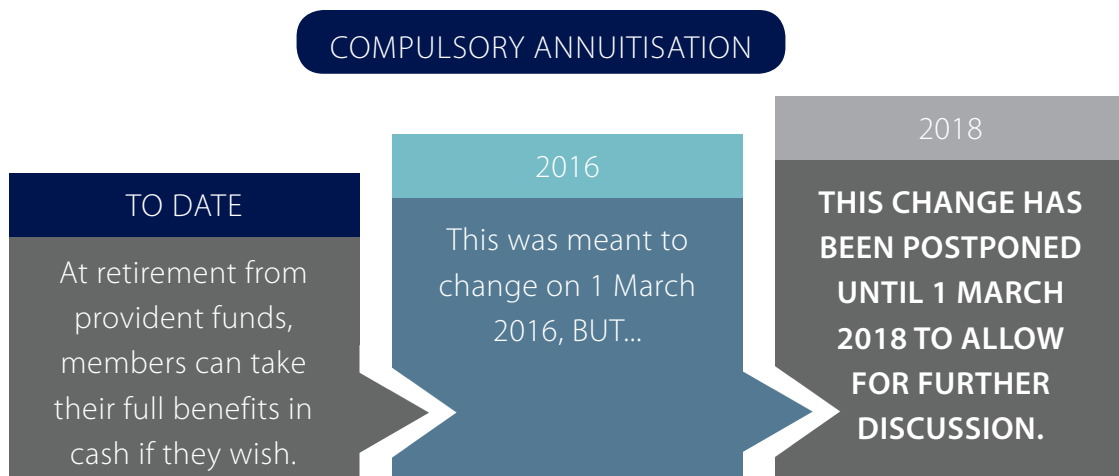
The Funds, being a large entity, also benefit from professional Independent Trustees, who have a vast amount of experience and knowledge. They also serve on the Boards of other retirement funds. Thus, they add value through the experience they have gained when dealing with similar issues in terms of other funds.

Trustees are required to provide a detailed list of all their appointments to the Principal Officer each year. Based on these statements, the Principal Officer is satisfied that the current Independent Trustees are truly independent. Furthermore, the Boards' **Code of Conduct** supports their ethical operation.

DEVELOPMENTS IN THE RETIREMENT INDUSTRY

In his budget speech on 24 February 2016, the Minister of Finance confirmed that certain retirement reforms have been postponed once again. After all the discussions and changes and announcements, you may be confused as to which reforms are going ahead, and which have been postponed.

REFORMS POSTPONED



TRANSFERS FROM PENSION TO PROVIDENT FUNDS

To ensure the integrity of the retirement system, the ability to transfer tax-free from pension fund to provident fund will ALSO be delayed until 1 March 2018.

REFORMS EFFECTIVE FROM 1 MARCH 2016



The changes to taxation of contributions, as previously communicated, came into effect as of 1 March 2016. This means that employer contributions will be taxed as fringe benefits in your hands, but you can deduct 27.5% of the larger of your taxable income or remuneration from tax. The maximum deduction allowed per year is R350 000, but the balance you can deduct at withdrawal or retirement.



From 1 March 2016, if your total Fund Credit in the Pension Fund is less than R247 500, you can take the entire amount in cash. This applies to amounts paid from Retirement Annuity funds as well.

THE NATIONAL BUDGET AND SA'S ECONOMY

During the 2016 National Budget Speech, Minister of Finance Mr Pravin Gordhan focused on reducing government expenditure as much as possible. He also emphasised the need to facilitate economic growth and to improve infrastructure.

THE GOOD NEWS

Despite many predictions to the contrary, personal income tax was not increased. Instead, the fuel went up by 30 cents, and there are increases to other forms of taxation, such as sin tax. He also introduced new levies, on vehicle tyres and sweetened soft drinks.

The minister also made allowance for drought relief, social grants, and additional funds to be allocated to tertiary education.

The expenditure ceiling will be reduced by R25 billion over the next three years. This is expected to bring the budget deficit down to 2.4% by the 2018-2019 financial year.

UNDERSTANDING CREDITWORTHINESS AND HOW IT APPLIES TO SOUTH AFRICA

So far, it's been quite a rough year on the investment front. The now infamous shuffle of Finance Ministers, which took place in December 2015, not only had catastrophic effects on the rand but also meant that global investors' raised their red flags higher than ever before.

Moody's credit rating agency came to South Africa in March, followed by S&P and Fitch in June, to assess the state of the country's economy and ultimately to decide whether SA should be downgraded to junk status or not. **All these agencies decided not to downgrade our economy**, for the time being. However, **many experts still predict a downgrade** by one or more agencies before the end of the year. And many ordinary South Africans shake their heads and talk about it over dinner – **but do you know what it really means?**

Let's simplify it. If South Africa were a working person, who had access to a credit card, a downgrade would comparatively mean that he would be demoted at work, because his job performance and trustworthiness have decreased. Less people will invest their money with this person, so he will be losing quite a bit of income. This person will also now pay interest at a higher rate on all new debt. So this person has less money but pays more for everything – including interest on debt. And this person is **less likely to be able to repay** such debt. Would you give this person a loan, let alone invest in him?

The main priority at this point is to **restore confidence!** Doing that as an individual involves working harder and proving integrity. But how do we do that for a country?

Here are some of the suggestions made so far:

- **More than ever Government needs to tighten the belt.** No more lavish overseas business trips or expensive cabinet events.
- **Change begins at home.** Government needs to regain the trust of taxpayers, by providing the basic services they pay for and are entitled to.
- **Eliminating poverty is crucial.** Government needs to work towards policy that will see less people dependent on taxpayers' money. This will obviously involve both education and job creation.
- **Growth of business is also key.** Government needs to look at strengthening relations with businesses, which provide jobs. However, the business sector needs government support and infrastructure to provide these jobs.
- **Zero tolerance.** S.A. needs to take a much firmer stance against fraud and corruption in order to encourage foreign investment.

South Africa's economy is in for a rollercoaster ride this year. And more than ever South Africans need to be buckled-up financially. Despite the difficult time ahead, it's important to remember the change it brings along – maybe just the type of change our country needs to turn over a new leaf?

WILL THIS AFFECT MY INVESTMENTS IN THE FUNDS?

Not directly, no, but perhaps indirectly. Your savings in the Funds are invested in a combination of asset classes, such as shares, bonds and cash. If a company that you have invested in performs better, it will pay more dividends and its shares will have a higher value. This means you get more for your investment in that company.

However, if South Africa is downgraded, international firms will invest less money in these companies, in our economy and infrastructure. This might affect the performance of these companies and hence the returns earned on your investment portfolio/s.

With more money flowing out of South Africa, as global investors take their money elsewhere, the Rand will also weaken. This is good for companies whose main business is exports, but bad news for companies who have to import a lot of their materials. Any international investments that you have (if any) in your portfolio, might also provide better returns purely due to the weakening of the rand.

BRING THE BUDGET-BELT HOME

2016 is fast becoming the year of the belt. Every week we hear top officials preaching to South Africans to keep their belts tighter because times are tough. Tighter, tighter and tighter... how much further can it go?

Enough. Maybe it's time to shift attention from what's being said in government to what's being said in our own homes. Just like government should, we should lead by example in our own countries (our homes). And remember that it's always a good time to save. Here are some tips on getting your cabinet (family) on board:



COMMUNICATE

Have an open and honest conversation with your children about the current economic situation in the country. Be clear about how you as a family can stand together and achieve financial independence.



BUDGET

Teach your children about budgeting and then **LEAD BY EXAMPLE**. Budgeting is the easiest way for you and your family to reduce your expenses and increase your savings.



POCKET MONEY

Get your kids to learn the value of money by giving them chores in exchange for their allowance.



PIGGY BANK

Teach your kids the value of saving for the future by having them choose a goal that requires some savings. For example, if your son or daughter wants a new mobile phone, have them put away some of their allowance every month.

Small changes in a household can lead to great things. And great influence from a young age can only lead to a more money-conscious future generation.



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DON'T TAKE THE BAIT!

BEWARE OF THOSE WHO HAVE 'GONE PHISHING'

We've all received those too-good-to-be-true emails about how great opportunities have finally, unexpectedly, landed in our laps. And all we need to do is simply 'Click' our way to a better life.

If you aren't sure what is under discussion, these are emails or mobile messages offering instant rewards, without you ever having to enter any form or competition. They are called **phishing scams**.

Phishing is a scamming-technique used to trick people into providing personal information such as bank details, ID or Passport numbers to fraudsters.

Phishing scams are more complex today than ever before. With the introduction of social media and smart technology, the ways to detect a scam have also become trickier than ever.

And because of tough economic times, 'phishing season' is booming more than ever, with promises of a better job or instant ways to make money. Who wouldn't want to believe in such wonderful news?

Don't be tempted. Be aware and be safe! Here are some tips to keep you out of phishing waters:

Know your source

Always make sure to check the source of your incoming mail before even opening the mail or replying. Remember, your bank will never ask you to send your passwords or personal information by mail.

Never click on fishy links

Cybercriminals will always send you a hyperlink and try and convince you to click on it. Avoid this at all costs. Rather google or type the URL directly into your browser to check if you have to – or better yet, DELETE.

Beef up your security

Always make sure that your computer is updated with the latest security and antivirus system to block cyber-attacks. You will never regret being safe.

Reality check

Common sense and good judgement are vital for spotting suspicious behaviour online. Always check your dreams with some realism. If something seems too good to be true – chances are it probably is.

When in doubt, leave it out

Make 100% sure that you are secure before sharing any personal or confidential information online. Call your bank or financial advisor to clarify emails. Even call the travel agency offering you an amazing "Once in a lifetime travel offer" before sending your passport/ ID details. If the site isn't secure, neither are you.



- The Fund makes use of the services of an appointed tracing service provider to trace members. Please do not dismiss this as a scam. If you are unsure, you can validate the request with the Fund and/or Administrator.

BENEFIT STATEMENTS

Benefits statements are issued to all members and provided to your Employer for distribution. This is an annual statement that shows you a summary of all your benefits in the Fund.

On your benefit statement you will see:

- | | |
|--|---|
| <input type="checkbox"/> Your Personal Information | <input type="checkbox"/> Your Investment Portfolios |
| <input type="checkbox"/> Your Contributions | <input type="checkbox"/> Your Death Benefits |
| <input type="checkbox"/> Your Total Fund Values | <input type="checkbox"/> Your Disability Benefits |



What you need to do

- Please check that all of the personal information on the statement is correct. Kindly contact your Human Resources office if you need to update your details.
- Discuss your benefits with your immediate family. They need to know what benefits they are entitled to, should you pass away.

Please bear in mind that this statement is an illustration of the values/benefits provided by the Funds. Nothing on your benefit statement can override the current legislation or the Rules of the Funds. Please also note that this document is not a statement of your pension interest for the purposes of Section 7(8) of the Divorce Act, 1979.



Please remember that Liberty Corporate reviews all calculation assumptions every 6 months, to maintain a realistic estimation of the value of the retirement benefit shown on your statement.

What if I have not received my benefit statement?

The Funds provide annual statements to Employers, and the Board of Trustees relies on the Employers to distribute them to members. **If you have not received your benefit statement, please contact your Employer.**



PAYMENT OF BENEFITS

The Corporate Selection Retirement Funds pay the vast majority of benefits **within 10 days** of receipt of the necessary documentation.



Please note: *In order for the Administrator to make payment, you must provide certain minimum information, such as your tax reference number and banking details. If the Funds do not have this information, your payment will be delayed.*

WHERE CAN I GET A CLAIM FORM?

Please visit the website for the latest claim forms, to ensure that correct and complete information has been provided. Kindly see the web address under the **Contact Us** section.

WHO CAN I CONTACT IF I HAVE QUERIES REGARDING MY BENEFIT PAYMENT?

Please contact the call centre during office hours. Kindly see the information under the **Contact Us** section.

YOUR FUNDS' FINANCES

All retirement funds must submit financial information to the Registrar of Pension Funds each year, to ensure that they are in a healthy financial position. It is the pleasure of the Trustees to present to members the latest financial information for the four Corporate Selection Funds.

The auditors of the Fund, PricewaterhouseCoopers, certified that they have audited the annual financial statements of the Funds as at 31 December 2015. They have confirmed that the financial statements of the Funds have been prepared, in all material respects, in accordance with the basis of preparation applicable to Retirement Funds in South Africa as set out in the notes to the financial statements. The Audit and Risk Sub-committee is satisfied that the external auditor is independent of the Funds.



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FINANCIAL STATEMENTS



Below are the key extracts from the audited financial statements of the four Corporate Selection Umbrella Funds for the year ending 31 December 2015.

	Pension Fund	Pension Fund No. 2	Retirement Fund	Retirement Fund No. 2
Number of participating employers	1,923	3	2,246	4,024
Number of active members	59,690	-	83,091	135,729
Total contribution income received and accrued	1,330,838,636	-	1,605,395,303	2,281,011,790
Death claims paid (Including approved insured benefits)	92,630,051	-	169,454,460	157,332,054
Lump-sum disability claims paid (Including approved insured benefits)	15,422,931	-	28,216,711	69,378,239
Retirement benefits paid	239,665,267	-	397,640,519	366,479,522
Withdrawals paid	843,702,692	-	1,050,483,757	1,340,697,598
Divorce payments	6,123,016	-	8,825,207	8,633,610
Surplus apportionment benefit	(70,676)	-	(569,242)	7,919
Benefits paid	1,197,473,281	-	1,654,051,412	1,942,528,942
Administration costs	34,401,648	604	44,911,154	70,633,780
Total assets	8,111,002,962	165,954	12,473,738,872	12,230,369,608
Financial Services Board registration number	12/8/36006	12/8/36440	12/8/27024	12/8/36438
South African Revenue Services approval number	18/20/4/40547	18/20/4/40725	18/20/4/9320	18/20/4/40726

FUNDS' INVESTMENTS

AN OVERVIEW OF THE ECONOMY IN 2015

2015 was a year of many surprises. The unexpected dismissal of Finance Minister Nhlanhla Nene had an extremely negative impact on investor confidence, and both the Rand and bond prices have weakened in the aftermath.

South Africa faces serious economic challenges. As a result of declining commodity prices, the economy is not growing, which leads to a negative impact on tax revenues, exchange rates, and inflation. Many analysts are afraid that the combination of poor political leadership, corruption scandals and economic crisis in South Africa will reduce the credit rating to below investment grade.

During 2015, the rand depreciated by 33.9% against the US Dollar, by 26.6% against the British Pound Sterling and by 20.2% against the Euro. A weaker Rand results in lower living standards, but it also makes South African business more competitive internationally, which will hopefully help the economy to recover.

THE INVESTMENT STRATEGY

All Funds are required to have an investment strategy. This is a document that explains the selection, monitoring and managing of the Funds' investments. It lists all the portfolios, as well as the objectives of each, and how these objectives will be measured.

When compiling the investment strategy, the Board of Trustees, in consultation with the Investment Sub-committee and the Investment Consultant, consider factors such as inflation over the long term, the age profile and salary profile of members, targeted replacement ratio, and the Pension Funds Act.

The Board of Trustees has the ultimate responsibility for the Funds' investment strategy. They do their utmost to ensure they cater for the needs and requirements of the majority of the members. **It is for this reason that they provide members with a range of investment portfolios to suit their different needs.**

WHICH PORTFOLIOS ARE OFFERED?

The Board of Trustees is aware that most members are not investment experts. It is perfectly understandable that you may lack sufficient knowledge about investments and therefore are not comfortable when choosing a portfolio.

The **Life Stage Model** has been introduced to save members from having to make difficult investment decisions. This model ensures that your contributions are invested according to your number of years to retirement (investment horizon).

Why is this? Generally, the closer you are to retirement, the safer your investment should be. If you choose the Life Stage Model, your investments will automatically and gradually be transferred into the next more conservative (safer) portfolio as and when you reach the next age category in the Life Stage Model.

However, if you would prefer to have control over your own investment portfolio, the following portfolios are available to you :

Single manager risk profiles:

- Corporate Preferred Assets
- Corporate Choice Assets
- Corporate Absolute Returns
- Corporate Real Estate
- Liberty Institutional Money Market Fund
- Corporate International Assets

Multi manager risk profiles:

- STANLIB Multi-Manager Aggressive Balanced
- STANLIB Multi-Manager Moderate Balanced
- STANLIB Multi-Manager Conservative Balanced

External house view portfolios:

- Allan Gray House View with Global
- Investec House View with Global
- Prudential House View with Global
- Coronation House View with Global
- Oasis House View with Global

Single manager life stage:

- Single Manager Growth
- Single Manager Preservation
- Single Manager Consolidation

Shari'ah portfolios:

- STANLIB Shari'ah Balanced Fund
- Liberty Shari'ah Fund of Funds
- Oasis Crescent Balanced High Equity
- Oasis Crescent Equity Fund

Balanced passive risk profiles:

- Liberty Aggressive Balanced Tracker Fund
- Liberty Conservative Balanced Tracker Fund
- Liberty Moderate Balanced Tracker Fund

Specialist passive portfolios:

- Liberty SteFI Tracker Fund Liberty
- Liberty SWIX Top 40 Tracker Fund
- Liberty ALBI TR Tracker Fund
- Liberty ALSI Top 40 TR Tracker Fund

External unit trusts:

- Sasfin Met Balanced (Multi Asset - Low Equity risk profile)
- Sasfin Met Prudential (Multi Asset - Medium Equity risk profile)
- Sasfin Met Stable (Multi Asset - High Equity risk profile)
- Sasfin Met Equity (Equity risk profile)

Risk managed portfolios:

- Liberty Secure Fund
- Liberty Stable Growth Fund
- Liberty Corporate Advanced Bonus

STANLIB multi manager portfolios:

- Allan Gray Balanced
- Allan Gray Equity Fund
- Allan Gray Stable Fund
- Allan Gray-Orbis Global Equity Feeder Fund
- Allan Gray-Orbis Global Fund of Funds
- Conserver Offshore
- Coronation Balanced Defensive
- Foord Balanced
- Foord Equity
- Foord International Feeder Fund
- Investec Absolute Income
- Investec Opportunity Fund
- Investec Value Aggressive Equity
- Kagiso Balanced Fund
- Nedgroup Investment Managed Fund
- Nedgroup Investment Rainmaker Fund
- Oasis Crescent Balanced High Equity Fund of Funds
- Prescient Positive Return Fund
- Prudential Equity Fund
- RECM Flexible Equity Fund
- CPI Plus
- Coronation Aggressive Equity

PSG range (Only available for PSG clients):

- PSG Wealth EB High Equity Fund
- PSG Wealth EB Low Equity Fund
- PSG Wealth EB Medium Equity Fund
- PSG Wealth EB Cash Plus Fund

Seed range (Only available for Seed clients):

- Seed Unitised Conservative Selection
- Seed Unitised Moderate Selection
- Seed Unitised Balanced Selection



Please note: Refer to the member website for more information on each of these portfolios (see the **Contact Us** section).

CHOOSING YOUR OWN PORTFOLIO: PITFALLS

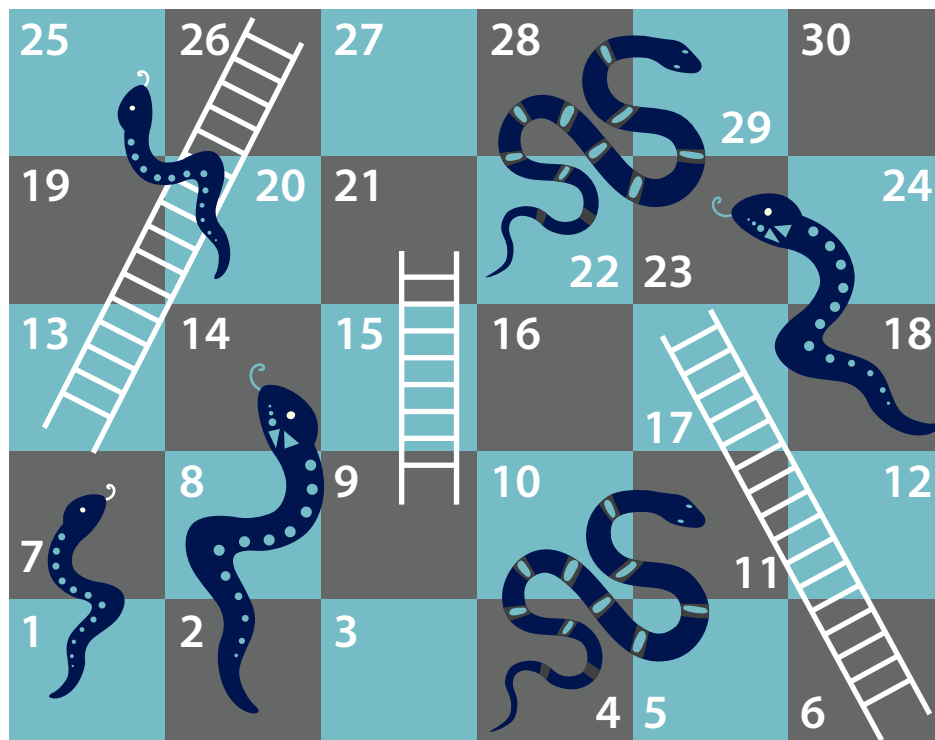
It is risky to choose your own portfolio if you do not have a suitable financial qualification. If you choose a too low risk portfolio when you are young, you might not beat inflation over the long term. On the other hand, if you are invested with a portfolio with too much risk close to retirement and the markets drop, you might lose a large portion of your savings!



We strongly suggest that you consult an accredited financial advisor to assist you with this process.

STEER CLEAR OF PITFALLS ON YOUR JOURNEY TO RETIREMENT

The road to financial security is a long and winding one – and sometimes the sign posts can be misleading. It might seem like a good idea to withdraw some of your retirement savings to pay off debt, for example. You might choose to take some or all of your benefits in cash when you retire, instead of using them to purchase an annuity. You might not be aware of the enormous pothole that is taxation, especially when you take your benefit in cash. Don't trap yourself! Follow the right road to avoid the traps, and you'll be able to enjoy the destination: a retirement free of financial worry.



YOUR MAP TO AVOID THE TEMPTING SNAKES THAT STEAL YOUR SAVINGS

7. Taking withdrawal benefit in cash instead of transferring it to a new Fund
11. Using retirement savings for anything except retirement, and having to start all over again
14. Taking benefit in cash and losing up to 36% of your savings to the taxman
23. Retiring too early (not saving for long enough)
25. Not contributing a large enough percentage
29. Choosing a pensionable salary that is too low

HOW DID THEY PERFORM?

INVESTMENT PERFORMANCE TO 31 DECEMBER 2015

The table below shows the annualised time-weighted returns of the various portfolios, net of all costs.

PORTFOLIOS	1 yr		3 yr		5 yr	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark

Single manager risk profiles:

Corporate Preferred Assets	6.7%	8.3%	12.4%	14.0%	14.0%	14.1%
Corporate Choice Assets	5.7%	6.4%	11.4%	12.3%	13.3%	13.5%
Corporate Absolute Returns	8.6%	10.1%	9.1%	10.3%	9.9%	10.5%
Corporate Real Estate	10.4%	10.1%	10.7%	10.3%	10.7%	10.5%
Liberty Institutional Money Market Fund	6.7%	6.4%	6.2%	5.8%	6.1%	5.8%
Corporate International Assets	24.4%	34.2%	26.5%	28.1%	23.3%	23.5%

Multi manager risk profiles:

STANLIB Multi-Manager Aggressive Balanced	7.1%	8.3%	12.7%	14.4%	12.7%	15.1%
STANLIB Multi-Manager Moderate Balanced	10.0%	7.4%	14.2%	13.0%	14.4%	13.5%
STANLIB Multi-Manager Conservative Balanced	9.2%	7.8%	10.7%	11.0%	11.2%	11.7%

External house view portfolios:

Allan Gray House View with Global	12.0%	8.2%	15.5%	13.7%	14.4%	13.9%
Investec House View with Global	14.8%	8.2%	16.8%	13.7%	15.7%	13.9%
Prudential House View with Global	7.9%	8.2%	14.2%	13.7%	14.6%	13.9%
Coronation House View with Global	7.3%	8.2%	14.8%	13.7%	14.5%	13.9%
Oasis House View with Global	4.1%	8.2%	13.0%	13.7%	14.1%	13.9%

Single manager life stage:

Single Manager Growth	3.5%	10.1%	9.8%	10.3%	12.5%	10.5%
Single Manager Preservation	6.7%	6.4%	6.2%	5.8%	6.1%	5.8%
Single Manager Consolidation	8.8%	8.1%	11.1%	8.3%	11.5%	8.5%

PORTFOLIOS	1 yr		3 yr		5 yr	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark

Shari'ah portfolios:

STANLIB Shari'ah Balanced Fund	-0.7%	-4.1%	8.3%	5.3%	8.2%	7.5%
Liberty Shari'ah Fund of Funds#						
Oasis Crescent Balanced High Equity*	-0.4%	8.1%	7.4%	8.3%		
Oasis Crescent Equity Fund	-4.5%	-7.1%	7.5%	4.1%	8.1%	5.6%

Balanced passive risk profiles:

Liberty Aggressive Balanced Tracker Fund*	10.9%	11.4%				
Liberty Conservative Balanced Tracker Fund*	6.3%	6.3%				
Liberty Moderate Balanced Tracker Fund*	9.3%	9.5%				

Specialist passive portfolios:

Liberty SteFI Tracker Fund Liberty*	6.4%	6.4%				
Liberty SWIX Top 40 Tracker Fund*	7.6%	6.2%				
Liberty ALBI TR Tracker Fund*	-2.8%	-3.9%				
Liberty ALSI Top 40 TR Tracker Fund*	8.6%	7.5%				

Risk managed portfolios:

Liberty Secure Fund*	8.7%	8.1%				
Liberty Stable Growth Fund*	9.7%	10.1%	10.9%	10.3%		
Liberty Corporate Advanced Bonus	2.9%	5.1%	5.9%	5.3%	5.6%	5.5%

External unit trusts:

Sasfin Met Balanced (Multi Asset - Low Equity risk profile)#						
Sasfin Met Prudential (Multi Asset - Medium Equity risk profile)#						
Sasfin Met Stable Multi Asset - High Equity risk profile)#						
Sasfin Met Equity (Equity risk profile)#						

How did they perform?

PORTFOLIOS	1 yr		3 yr		5 yr	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
STANLIB multi manager range:						
Allan Gray Balanced	11.7%	8.3%	15.1%	14.0%	14.6%	14.1%
Allan Gray Equity Fund	6.5%	5.1%	13.4%	12.3%	13.5%	13.0%
Allan Gray Stable Fund	12.8%	7.1%	9.5%	6.7%	8.8%	6.7%
Allan Gray-Orbis Global Equity Feeder Fund	27.0%	34.6%	34.1%	35.1%	26.8%	28.2%
Allan Gray-Orbis Global Fund of Funds	27.5%	33.9%	25.9%	29.0%	21.5%	24.7%
Conserver Offshore#						
Coronation Balanced Defensive*	8.3%	8.0%				
Foord Balanced	10.1%	8.0%	14.4%	11.6%	15.4%	11.2%
Foord Equity	2.9%	1.8%	14.0%	10.1%	15.9%	10.9%
Foord International Feeder Fund	32.5%	34.6%	26.1%	35.1%		
Investec Absolute Income	7.2%	6.4%	4.3%	5.8%	5.6%	5.8%
Investec Opportunity Fund	15.1%	11.1%	13.4%	11.3%	14.7%	11.5%
Investec Value Aggressive Equity	-20.1%	5.1%	-3.5%	12.3%	-1.2%	13.0%
Kagiso Balanced Fund*	-3.1%	8.0%				
Nedgroup Investment Managed Fund*	-20.9%	8.0%				
Nedgroup Investment Rainmaker Fund*	9.0%	1.8%				
Oasis Crescent Balanced High Equity Fund of Funds*	1.5%	8.1%	9.8%	8.3%		
Prescient Positive Return Fund	4.7%	8.1%	8.0%	8.3%	7.1%	8.5%
Prudential Equity Fund	4.8%	1.8%	14.3%	10.1%	15.0%	10.9%
RECM Flexible Equity Fund	-27.1%	5.1%				
CPI Plus	7.9%	9.1%	9.8%	9.3%	10.1%	9.5%
Coronation Aggressive Equity	-7.8%	3.6%	9.2%	13.0%	11.4%	14.2%

Seed range (Only available for Seed clients):

Seed Unitised Conservative Selection*	8.5%	8.1%				
Seed Unitised Moderate Selection*	10.1%	9.1%				
Seed Unitised Balanced Selection*	12.0%	10.1%				

PSG range (Only available for PSG clients):

PSG Wealth EB High Equity Fund#						
PSG Wealth EB Low Equity Fund#						
PSG Wealth EB Medium Equity Fund#						
PSG Wealth EB Cash Plus Fund#						

Notes

* Portfolio has not been available on the CSUF platform for the full period reported.

Portfolio has been available for less than a year on the CSUF platform.

FUNDS' GOVERNANCE

Retirement funds are governed by legislation to ensure the rights of members are protected at all times.

The Board of Trustees is committed to and fully endorses the principles of the Pension Fund Circular 130 on Governance within the prescriptions as provided for in the Pension Funds Act and the Rules of the Fund. The Trustees believe that the Fund complies with and has implemented the main principles of the Pension Fund Circular 130 in all respects.

A governance levy covers the governance costs incurred by the Funds. The major governance elements are: audit fees, staff costs (Principal Officer and support staff), fidelity guarantee and professional indemnity insurance cover, and the Independent Trustees' fees. These expenses are necessary to maintain the very high standards of governance that the Pension Funds Act requires.

The governance levy is recovered on a rand basis from members and funded by a small monthly deduction from individual members' Fund Credits. In order to accurately manage any difference between recoveries and costs, the governance levy is paid into an expense contingency reserve account. Any excess Funds are held in the reserve account for the benefit of Fund members. The Trustees review the levy regularly.

REGULATION 28 (OF THE PENSION FUNDS ACT)

The Trustees confirm that the Funds continue to work towards full Regulation 28 compliance. The Funds have been communicating regularly with Employers and financial advisors regarding this requirement. Regulation 28 aims to reduce investment risk in the management of retirement funds, by imposing prudent asset diversification principles and limitations. Due to market movements it is not possible to be fully compliant at all times. Compliance with Regulation 28 requires administrators to be able to report right down to individual member level that the Funds' investments are sufficiently diverse.

The Administrator of the Funds, Liberty Corporate, is diligent in reporting on the compliance of the Funds to the Financial Services Board as required.

CRISA

The **Code for Responsible Investing in South Africa (CRISA)** was introduced in July 2011. CRISA aims to provide the investor community with the guidance needed to give effect to the King Report on Corporate Governance in South Africa (King III), as well as the United Nations-backed Principles for the Responsible Investment (PRI) initiative. Both require investment institutions to take environmental, social and governance issues very seriously.

The Trustees fully recognise the importance of CRISA.

TREATING CUSTOMERS FAIRLY

It has always been a part of the Funds' ethos to place its members' interests first in all things.

The Financial Services Board (FSB) is implementing a programme to be known as **Treating Customers Fairly (TCF)** to regulate the market conduct of financial services providers. The TCF approach seeks to ensure that fair treatment of customers is part of the culture of all financial firms. TCF will be a combination of market conduct general principles and defined rules. It will drive the delivery of clear and measurable fairness outcomes. The FSB will enforce these outcomes using a variety of visible and credible measures to prevent unfair treatment of customers.

The Principal Officer oversees and ensures implementation of all TCF principles applicable to the Funds:

- Fair treatment is a cornerstone of the Funds' culture
- All products and services are tailored to cater to the needs of members
- Members are provided with all the information they require, when they require it
- The service offered to members is streamlined and efficient
- Regulatory penalties

COMPLAINTS

Should you have a complaint relating to the Fund, its management, administration, communication, Participating Employers, or any other matter; you can contact your **Board of Trustees** in writing.

Should they not respond within 30 days of you submitting your complaint or their response is unsatisfactory, you may contact the **Pension Funds Adjudicator**.

Please submit all complaints to the Principal Officer (Refer to the **Contact Us** section).

The Trustees investigate all complaints addressed to the Adjudicator's office regarding the Funds.

FUNDS' CONTACT DETAILS

GENERAL QUERIES

Direct any general queries regarding the day-to-day administration of the Funds to:

- Your Employer: **this is the first person you need to contact!**
- The appointed financial advisor; or
- In writing to Liberty Corporate.

MEMBERS' WEB PAGE

<http://www.libertycorporate.co.za/retirement-governance/Pages/retirement-governance.aspx>

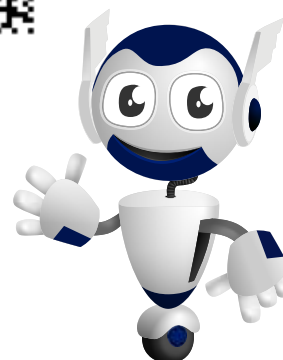


LIBERTY CORPORATE - CONTACT DETAILS

Call centre: **011 408 2999**

Fax: 011 408 2264

Website: www.libertycorporate.co.za



Principal Executive Officer

Should you wish to bring any matter to the attention of the Trustees, or if you have problems getting a response from the Administrator, you can contact the Principal Executive Officer:

Roger Spence

Fax: 011 408 2615

Email: roger.spence@liberty.co.za

The Pension Funds Adjudicator - Contact details

Should you not receive a satisfactory response from the Principal Officer or Trustees within 30 days, you may refer your complaint to the Pension Funds Adjudicator:

4th Floor
Riverwalk Office Park
Block A, 41 Matroosberg Road
Ashlea Gardens Extension 6
Pretoria
0181

Tel: 012 346 1738
Fax: 086 693 7472
E-mail: enquiries@pfa.org.za

	Corporate Selection Umbrella Pension Fund	Corporate Selection Umbrella Pension Fund No. 2	Corporate Selection Umbrella Retirement Fund	Corporate Selection Umbrella Retirement Fund No. 2
Financial Services Board registration number	12/8/36006	12/8/36440	12/8/27024	12/8/36438
South African Revenue Services approval number	18/20/4/40547	18/20/4/40725	18/20/4/9320	18/20/4/40726

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LIBERTY

Corporate Selection
Umbrella Funds